(Original Signature of Member)

110TH CONGRESS 1ST SESSION

# H.R.

To amend title XXI of the Social Security Act to reauthorize and reform the State Children's Health Insurance Program (SCHIP).

### IN THE HOUSE OF REPRESENTATIVES

Mr.	Barton of Texas (for himself, Mr. Deal of Georgia, Mr. Hastert, Mr.
	BUYER, Mrs. Blackburn, Mr. Terry, Mr. Shimkus, Mr. Pitts, Mr.
	STEARNS, Mr. BURGESS, Mr. HALL of Texas, Mr. PICKERING, and Mrs.
	MYRICK) introduced the following bill; which was referred to the Com-
	mittee on

## A BILL

To amend title XXI of the Social Security Act to reauthorize and reform the State Children's Health Insurance Program (SCHIP).

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.
- 4 (a) Short Title.—This Act may be cited as the
- 5 "SCHIP Reauthorization and Reform Act of 2007".
- 6 (b) Table of Contents.—The table of contents of
- 7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Requiring outreach and coverage before expansion of eligibility.
- Sec. 3. Application of citizenship documentation requirements; increased Federal matching rate for citizenship documentation enforcement under Medicaid and SCHIP.
- Sec. 4. Limitations on eligibility based on substantial net assets.
- Sec. 5. Clarification of State authorities.
- Sec. 6. Easing administrative barriers to State cooperation with employer-sponsored insurance coverage.
- Sec. 7. Improving beneficiary choice in SCHIP.
- Sec. 8. Allotment distribution formula.
- Sec. 9. Five-year reauthorization.
- Sec. 10. Enhancing the programmatic focus on children and pregnant women.

### 1 SEC. 2. REQUIRING OUTREACH AND COVERAGE BEFORE

2	EXPANSION OF ELIGIBILITY.
3	(a) State Plan Required to Specify How It
4	WILL ACHIEVE COVERAGE FOR 90 PERCENT OF TAR-
5	GETED LOW-INCOME CHILDREN.—
6	(1) In general.—Section 2102(a) of the So-
7	cial Security Act (42 U.S.C. 1397bb(a)) is amend-
8	ed—
9	(A) in paragraph (6), by striking "and" at
10	the end;
11	(B) in paragraph (7), by striking the pe-
12	riod at the end and inserting "; and"; and
13	(C) by adding at the end the following new
14	paragraph:
15	"(8) how the eligibility and benefits provided
16	for under the plan for each fiscal year (beginning
17	with fiscal year 2009) will allow for the State's an-
18	nual funding allotment to cover at least 90 percent

1	of the eligible targeted low-income children in the
2	State.".
3	(2) Effective date.—The amendments made
4	by paragraph (1) shall apply to State child health
5	plans for fiscal years beginning with fiscal year
6	2009.
7	(b) Limitation on Program Expansions Until
8	LOWEST INCOME ELIGIBLE INDIVIDUALS ENROLLED.—
9	Section 2105(e) of such Act (42 U.S.C. 1397dd(c)) is
10	amended by adding at the end the following new para-
11	graph:
12	"(8) Limitation on increased coverage of
13	HIGHER INCOME CHILDREN.—For child health as-
14	sistance furnished in a fiscal year beginning with fis-
15	cal year 2008:
16	"(A) NO PAYMENT FOR CHILDREN WITH
17	FAMILY INCOME ABOVE 250 PERCENT OF POV-
18	ERTY LINE.—Payment shall not be made under
19	this section for child health assistance for a tar-
20	geted low-income child in a family the income
21	of which exceeds 250 percent of the poverty line
22	applicable to a family of the size involved.
23	"(B) Special rules for payment for
24	CHILDREN WITH FAMILY INCOME ABOVE 200
25	PERCENT OF POVERTY LINE.—In the case of

1	child health assistance for a targeted low-in-
2	come child in a family the income of which ex-
3	ceeds 200 percent (but does not exceed 250
4	percent) of the poverty line applicable to a fam-
5	ily of the size involved no payment shall be
6	made under this section for such assistance un-
7	less the State demonstrates to the satisfaction
8	of the Secretary that—
9	"(i) the State has met the 90 percent
10	retrospective coverage test specified in sub-
11	paragraph (C)(i) for the previous fiscal
12	year; and
13	"(ii) the State will meet the 90 per-
14	cent prospective coverage test specified in
15	subparagraph (C)(ii) for the fiscal year.
16	"(C) 90 percent coverage tests.—
17	"(i) Retrospective test.—The 90
18	percent retrospective coverage test speci-
19	fied in this clause is, for a State for a fis-
20	cal year, that on average during the fiscal
21	year, the State has enrolled under this title
22	or title XIX at least 90 percent of the indi-
23	viduals residing in the State who—
24	"(I) are children under 19 years
25	of age (or are pregnant women) and

1	are eligible for medical assistance
2	under title XIX; or
3	"(II) are targeted low-income
4	children whose family income does not
5	exceed 200 percent of the poverty line
6	and who are eligible for child health
7	assistance under this title.
8	"(ii) Prospective test.—The 90
9	percent prospective test specified in this
10	clause is, for a State for a fiscal year, that
11	on average during the fiscal year, the State
12	will enroll under this title or title XIX at
13	least 90 percent of the individuals residing
14	in the State who—
15	"(I) are children under 19 years
16	of age (or are pregnant women) and
17	are eligible for medical assistance
18	under title XIX; or
19	"(II) are targeted low-income
20	children whose family income does not
21	exceed such percent of the poverty
22	line (in excess of 200 percent) as the
23	State elects consistent with this para-
24	graph and who are eligible for child
25	health assistance under this title.

1	"(D) Grandfather.—Subparagraphs (A)
2	and (B) shall not apply to the provision of child
3	health assistance—
4	"(i) to a targeted low-income child
5	who is enrolled for child health assistance
6	under this title as of September 30, 2007;
7	"(ii) to a pregnant woman who is en-
8	rolled for assistance under this title as of
9	September 30, 2007, through the comple-
10	tion of the post-partum period following
11	completion of her pregnancy; and
12	"(iii) for items and services furnished
13	before October 1, 2008, to an individual
14	who is not a targeted low-income child and
15	who is enrolled for assistance under this
16	title as of September 30, 2007.
17	"(E) TREATMENT OF PREGNANT
18	WOMEN.—In this paragraph and sections
19	2102(a)(8) and $2104(a)(2)$ , the term 'targeted
20	low-income child' includes an individual under
21	age 19, including the period from conception to
22	birth, who is eligible for child health assistance
23	under this title by virtue of the definition of the
24	term 'child' under section 457.10 of title 42,
25	Code of Federal Regulations.".

1	(c) Standardization of Income Determina-
2	TIONS.—
3	(1) In general.—Section 2110(d) of such Act
4	(42 U.S.C. 1397jj) is amended by adding at the end
5	the following new subsection:
6	"(d) Standardization of Income Determina-
7	TIONS.—
8	"(1) In general.—In determining family in-
9	come under this title (including in the case of a
10	State child health plan that provides health benefits
11	coverage in the manner described in section
12	2101(a)(2)), a State shall base such determination
13	on gross income (including amounts that would be
14	included in gross income if they were not exempt
15	from income taxation) and may only take into con-
16	sideration such income disregards as the Secretary
17	shall develop and specify on a uniform national
18	basis.
19	"(2) Construction.—Nothing in paragraph
20	(1) shall be construed as preventing the Secretary
21	from approving, under section 1115 as applied to
22	this title under section 2107(e)(2)(A), a waiver that
23	provides for the application of alternative income
24	disregards on an experimental or demonstration
25	basis.".

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(2) Effective date.—(A) Subject to subpara-
graph (B), the amendment made by paragraph (1)
shall apply to determinations (and redeterminations)
of income made on or after April 1, 2008.
(B) In the case of a State child health plan
under title XXI of the Social Security Act which the
Secretary of Health and Human Services determines
requires State legislation (other than legislation ap-
propriating funds) in order for the plan to meet the
additional requirement imposed by the amendment
made by paragraph (1), the State child health plan

shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet this additional requirement before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the en-

actment of this Act. For purposes of the previous

sentence, in the case of a State that has a 2-year

20 legislative session, each year of such session shall be

21 deemed to be a separate regular session of the State

22 legislature.

1	SEC. 3. APPLICATION OF CITIZENSHIP DOCUMENTATION
2	REQUIREMENTS; INCREASED FEDERAL
3	MATCHING RATE FOR CITIZENSHIP DOCU-
4	MENTATION ENFORCEMENT UNDER MED-
5	ICAID AND SCHIP.
6	(a) Application of Requirements.—
7	(1) In General.—Section 2105(c) of the So-
8	cial Security Act (42 U.S.C. 1397dd(c)), as amended
9	by sections 2(b) and 3(c), is amended by adding at
10	the end the following new paragraph:
11	"(10) Application of citizenship docu-
12	MENTATION REQUIREMENTS.—
13	"(A) In general.—Subject to subpara-
14	graph (B), no payment may be made under this
15	section to a State with respect to amounts ex-
16	pended for child health assistance for an indi-
17	vidual who declares under section
18	1137(d)(1)(A) to be a citizen or national of the
19	United States for purposes of establishing eligi-
20	bility for benefits under this title, unless the re-
21	quirement of section 1903(x) is met.
22	"(B) Treatment of pregnant
23	WOMEN.—For purposes of applying subpara-
24	graph (A) in the case of a pregnant woman who
25	qualifies for child health assistance by virtue of
26	the application of section 457.10 of title 42,

1	Code of Federal Regulations, the requirement
2	of such section shall be deemed to be satisfied
3	by the presentation of documentation of per-
4	sonal identity described in section
5	274A(b)(1)(D) of the Immigration and Nation-
6	ality Act or any other documentation of per-
7	sonal identity of such other type as the Sec-
8	retary finds, by regulation, provides a reliable
9	means of identification.".
10	(2) Effective date.—The amendment made
11	by paragraph (1) shall apply to eligibility determina-
12	tions and redeterminations made on or after April 1,
13	2008.
14	(b) Temporary Increase in Federal Matching
15	RATE FOR ADMINISTRATIVE COSTS UNDER MEDICAID
16	AND SCHIP.——
17	(1) Medicaid.—
18	(A) In general.—With respect to admin-
19	istrative costs incurred on or after July 1,
20	2006, and before October 1, 2008, in imple-
21	menting the amendments made by section 6036
22	of the Deficit Reduction Act of 2005 (Public
23	Law 109–171), 75 percent shall be substituted
24	for 50 per centum in section 1903(a)(7) of the
25	Social Security Act (42 U.S.C. 1396b(a)(7)).

1	(B) RETROACTIVE ADJUSTMENT.—The
2	Secretary of Health and Human Services shall
3	take such steps as may be necessary to provide
4	for the adjustment of payments under section
5	1903(a) of the Social Security Act (42 U.S.C.
6	1396b(a)) to take into account the application
7	of subparagraph (A) for periods before the date
8	of the enactment of this Act .
9	(2) SCHIP.—With respect to administrative
10	costs incurred on or after April 1, 2008, and before
11	October 1, 2008 in implementing the amendment
12	made by subsection (a)(1), the enhanced FMAP ap-
13	plied under section $2105(a)(1)(D)(iv)$ of the Social
14	Security Act (42 U.S.C. $1397d(a)(1)(D)(iv)$ ) shall
15	not be less than 75 percent.
16	SEC. 4. LIMITATIONS ON ELIGIBILITY BASED ON SUBSTAN-
17	TIAL NET ASSETS.
18	(a) In General.—Section 2110(b) of the Social Se-
19	curity Act (42 U.S.C. 1397jj(b)) is amended—
20	(1) in paragraph (1), by striking "paragraph
21	(2)" and inserting "paragraphs (2) and (5)"; and
22	(2) by adding at the end the following new
23	paragraph:
24	"(5) Disqualification for individuals in
25	FAMILIES WITH SUBSTANTIAL NET ASSETS.—An in-

- 1 dividual in a family is not eligible for child health 2 assistance under this title if the individual's family 3 has net assets (including the equity interest in any 4 home) that exceeds \$500,000 or unless there is pro-5 vided a document (in such a form and manner as 6 the Secretary shall specify) signed under penalty of 7 perjury by an applicant for child health assistance 8 on behalf of the individual that the net assets of the 9 individual's family (including the equity interest in 10 the any home) does not exceed \$500,000. The Sec-11 retary may increase the dollar amount specified in 12 the previous sentence from year to year beginning 13 with 2013 based on the percentage increase in the 14 consumer price index for all urban consumers (all 15 items; United States city average), rounded to the 16 nearest \$1,000.". 17 (b) Effective Date.—The amendments made by subsection (a) shall apply to eligibility determinations and
- 18
- 19 redeterminations made on or after April 1, 2008.
- 20 SEC. 5. CLARIFICATION OF STATE AUTHORITIES.
- 21 Section 2102 of the Social Security Act (42 U.S.C.
- 22 1397bb) is amended by adding at the end the following
- 23 new subsection:
- 24 "(d) Clarification of State Authorities.—
- Nothing in this title shall be construed as preventing a

1	State, under its child health plan, from doing any of the
2	following:
3	"(1) Use of waiting periods to prevent
4	CROWD OUT.—From using waiting periods and other
5	tools to prevent crowding out private-sector insur-
6	ance coverage.
7	"(2) Use of private providers and
8	PLANS.—From cooperating or contracting with pri-
9	vate sector providers and plans in order to provide
10	care to targeted low-income children.
11	"(3) Use of state funds for ineligible
12	INDIVIDUALS.—From providing medical benefits for
13	individuals who are not targeted low-income children
14	with State funds.".
15	SEC. 6. EASING ADMINISTRATIVE BARRIERS TO STATE CO-
16	OPERATION WITH EMPLOYER-SPONSORED
17	INSURANCE COVERAGE.
18	(a) REQUIRING SOME COVERAGE FOR EMPLOYER-
19	SPONSORED INSURANCE.—
20	(1) In General.—Section 2102(a) of the So-
21	cial Security Act (42 U.S.C. 1397b(a)), as amended
22	by section 2(a), is amended—
23	(A) in paragraph (7), by striking "and" at
24	the end;

1	(B) in paragraph (8), by striking the pe-
2	riod at the end and inserting "; and"; and
3	(C) by adding at the end the following new
4	paragraph:
5	"(9) effective for plan years beginning on or
6	after October 1, 2008, how the plan will provide for
7	child health assistance with respect to targeted low-
8	income children covered under a group health
9	plan.".
10	(2) Effective date.—The amendment made
11	by paragraph (1) shall apply beginning with fiscal
12	year 2009.
13	(b) Federal Financial Participation for Em-
14	PLOYER-SPONSORED INSURANCE.—Section 2105 of such
15	Act (42 U.S.C. 1397d) is amended—
16	(1) in subsection (a)(1)(C), by inserting before
17	the semicolon at the end the following: "and, subject
18	to paragraph (3)(C), in the form of payment of the
19	premiums for coverage under a group health plan
20	that includes coverage of targeted low-income chil-
21	dren and benefits supplemental to such coverage";
22	and
23	(2) paragraph (3) of subsection (c) is amended
24	to read as follows:

1	"(3) Purchase of employer-sponsored in-
2	SURANCE.—
3	"(A) In general.— Payment may be
4	made to a State under subsection (a)(1)(C),
5	subject to the provisions of this paragraph, for
6	the purchase of family coverage under a group
7	health plan that includes coverage of targeted
8	low-income children unless such coverage would
9	otherwise substitute for coverage that would be
10	provided to such children but for the purchase
11	of family coverage.
12	"(B) Waiver of Certain Provisions.—
13	With respect to coverage described in subpara-
14	graph (A)—
15	"(i) notwithstanding section 2102, no
16	minimum benefits requirement (other than
17	those otherwise applicable with respect to
18	services referred to in section 2102(a)(7))
19	under this title shall apply; and
20	"(ii) no limitation on beneficiary cost-
21	sharing otherwise applicable under this
22	title or title XIX shall apply.
23	"(C) Required Provision of Supple-
24	MENTAL BENEFITS.—If the coverage described
25	in subparagraph (A) does not provide coverage

1	for the services referred to in section
2	2102(a)(7), the State child health plan shall
3	provide coverage of such services as supple-
4	mental benefits.
5	"(D) LIMITATION ON FFP.—The amount
6	of the payment under paragraph (1)(C) for cov-
7	erage described in subparagraph (A) (and sup-
8	plemental benefits under subparagraph (C) for
9	individuals so covered) during a fiscal year may
10	not exceed the product of—
11	"(i) the national per capita expendi-
12	ture under this title (taking into account
13	both Federal and State expenditures) for
14	the previous fiscal year (as determined by
15	the Secretary using the best available
16	data);
17	"(ii) the enhanced FMAP for the
18	State and fiscal year involved; and
19	"(iii) the number of targeted low-in-
20	come children for whom such coverage is
21	provided.
22	"(E) Voluntary enrollment.—A State
23	child health plan—
24	"(i) may not require a targeted low-
25	income child to enroll in coverage described

1	in subparagraph (A) in order to obtain
2	child health assistance under this title;
3	"(ii) before providing such child
4	health assistance for such coverage of a
5	child, shall make available (which may be
6	through an Internet website or other
7	means) to the parent or guardian of the
8	child information on the coverage available
9	under this title, including benefits and
10	cost-sharing; and
11	"(iii) shall provide at least one oppor-
12	tunity per fiscal year for beneficiaries to
13	switch coverage under this title from cov-
14	erage described in subparagraph (A) to the
15	coverage that is otherwise made available
16	under this title.
17	"(F) Information on coverage op-
18	TIONS.—A State child health plan shall—
19	"(i) describe how the State will notify
20	potential beneficiaries of coverage de-
21	scribed in subparagraph (A);
22	"(ii) provide such notification in writ-
23	ing at least during the initial application
24	for enrollment under this title and during
25	redeterminations of eligibility if the indi-

1	vidual was enrolled before October 1, 2008;
2	and
3	"(iii) post a description of these cov-
4	erage options on any official website that
5	may be established by the State in connec-
6	tion with the plan.
7	"(G) SEMIANNUAL VERIFICATION OF COV-
8	ERAGE.—If coverage described in subparagraph
9	(A) is provided under a group health plan with
10	respect to a targeted low-income child, the
11	State child health plan shall provide for the col-
12	lection, at least once every six months, of proof
13	from the plan that the child is enrolled in such
14	coverage.
15	"(H) Rule of Construction.—Nothing
16	in this section is to be construed to prohibit a
17	State from—
18	"(i) offering wrap around benefits in
19	order for a group health plan to meet any
20	State-established minimum benefit require-
21	ments;
22	"(ii) establishing a cost-effectiveness
23	test to qualify for coverage under such a
24	plan;

1	"(iii) establishing limits on beneficiary
2	cost-sharing under such a plan;
3	"(iv) paying all or part of a bene-
4	ficiary's cost-sharing requirements under
5	such a plan;
6	"(v) paying less than the full cost of
7	the employee's share of the premium under
8	such a plan, including prorating the cost of
9	the premium to pay for only what the
10	State determines is the portion of the pre-
11	mium that covers targeted low-income chil-
12	dren;
13	"(vi) using State funds to pay for
14	benefits above the Federal upper limit es-
15	tablished under subparagraph (C);
16	"(vii) allowing beneficiaries enrolled in
17	group health plans from changing plans to
18	another coverage option available under
19	this title at any time; or
20	"(viii) providing any guidance or in-
21	formation it deems appropriate in order to
22	help beneficiaries make an informed deci-
23	sion regarding the option to enroll in cov-
24	erage described in subparagraph (A).

1	"(I) Group health plan defined.—In
2	this paragraph, the term 'group health plan'
3	has the meaning given such term in section
4	2791(a)(1) of the Public Health Service Act (42
5	U.S.C. 300gg—91(a)(1)).".
6	SEC. 7. IMPROVING BENEFICIARY CHOICE IN SCHIP.
7	(a) Requiring Offering of Alternative Cov-
8	ERAGE OPTIONS.—Section 2102 of the Social Security Act
9	(42 U.S.C. 1397b), as amended by sections 2(a) and 6(a),
10	is amended—
11	(1) in subsection (a)—
12	(A) in paragraph (8), by striking "and" at
13	the end;
14	(B) in paragraph (9), by striking the pe-
15	riod at the end and inserting "; and"; and
16	(C) by adding at the end the following new
17	paragraph:
18	"(10) effective for plan years beginning on or
19	after October 1, 2008, how the plan will provide for
20	child health assistance with respect to targeted low-
21	income children through alternative coverage options
22	in accordance with subsection (d)."; and
23	(2) by adding at the end the following new sub-
24	section:
25	"(d) ALTERNATIVE COVERAGE OPTIONS —

1	"(1) In General.—Effective October 1, 2008,
2	a State child health plan shall provide for the offer-
3	ing of any qualified alternative coverage that a
4	qualified entity seeks to offer to targeted low-income
5	children through the plan in the State.
6	"(2) Application of Uniform Financial
7	LIMITATION FOR ALL ALTERNATIVE COVERAGE OP-
8	TIONS.—With respect to all qualified alternative cov-
9	erage offered in a State, the State child health plan
10	shall establish a uniform dollar limitation on the per
11	capita monthly amount that will be paid by the
12	State to the qualified entity with respect to such
13	coverage provided to a targeted low-income child.
14	Such limitation may not be less than 90 percent of
15	the per capita monthly payment made for coverage
16	offered under the State child health plan that is not
17	in the form of an alternative coverage option. Noth-
18	ing in this paragraph shall be construed—
19	"(A) as requiring a State to provide for
20	the full payment of premiums for qualified al-
21	ternative coverage;
22	"(B) as preventing a State from charging
23	additional premiums to cover the difference be-
24	tween the cost of qualified alternative coverage
25	and the amount of such payment limitation;

1	"(C) as preventing a State from using its
2	own funds to provide a dollar limitation that ex-
3	ceeds the Federal financial participation as lim-
4	ited under section 2105(c)(8).
5	"(3) Qualified alternative coverage de-
6	FINED.—In this section, the term 'qualified alter-
7	native coverage' means health insurance coverage
8	that—
9	"(A) meets the coverage requirements of
10	section 2103 (other than cost-sharing require-
11	ments of such section); and
12	"(B) is offered by a qualified insurer, and
13	not directly by the State.
14	"(4) Qualified insurer defined.—In this
15	section, the term 'qualified insurer' means, with re-
16	spect to a State, an entity that is licensed to offer
17	health insurance coverage in the State.".
18	(b) Federal Financial Participation for
19	QUALIFIED ALTERNATIVE COVERAGE.—Section 2105 of
20	such Act (42 U.S.C. 1397d) is amended—
21	(1) in subsection (a)(1)(C), as amended by sec-
22	tion 6(b), by inserting before the semicolon at the
23	end the following: "and, subject to paragraph
24	(8)(C), in the form of payment of the premiums for
25	coverage for qualified alternative coverage"; and

1	(2) by adding at the end of subsection (c) the
2	following new paragraph:
3	"(8) Purchase of qualified alternative
4	COVERAGE.—
5	"(A) In general.— Payment may be
6	made to a State under subsection (a)(1)(C),
7	subject to the provisions of this paragraph, for
8	the purchase of qualified alternative coverage.
9	"(B) Waiver of Certain Provisions.—
10	With respect to coverage described in subpara-
11	graph (A), no limitation on beneficiary cost-
12	sharing otherwise applicable under this title or
13	title XIX shall apply.
14	"(C) LIMITATION ON FFP.—The amount of
15	the payment under paragraph $(1)(C)$ for cov-
16	erage described in subparagraph (A) during a
17	fiscal year in the aggregate for all such cov-
18	erage in the State may not exceed the product
19	of—
20	"(i) the national per capita expendi-
21	ture under this title (taking into account
22	both Federal and State expenditures) for
23	the previous fiscal year (as determined by
24	the Secretary using the best available
25	data);

1	"(ii) the enhanced FMAP for the
2	State and fiscal year involved; and
3	"(iii) the number of targeted low-in-
4	come children for whom such coverage is
5	provided.
6	"(D) VOLUNTARY ENROLLMENT.—A State
7	child health plan—
8	"(i) may not require a targeted low-
9	income child to enroll in coverage described
10	in subparagraph (A) in order to obtain
11	child health assistance under this title;
12	"(ii) before providing such child
13	health assistance for such coverage of a
14	child, shall make available (which may be
15	through an Internet website or other
16	means) to the parent or guardian of the
17	child information on the coverage available
18	under this title, including benefits and
19	cost-sharing; and
20	"(iii) shall provide at least one oppor-
21	tunity per fiscal year for beneficiaries to
22	switch coverage under this title from cov-
23	erage described in subparagraph (A) to the
24	coverage that is otherwise made available
25	under this title.

1	"(E) Information on coverage op-
2	TIONS.—A State child health plan shall—
3	"(i) describe how the State will notify
4	potential beneficiaries of coverage de-
5	scribed in subparagraph (A);
6	"(ii) provide such notification in writ-
7	ing at least during the initial application
8	for enrollment under this title and during
9	redeterminations of eligibility if the indi-
10	vidual was enrolled before October 1, 2008;
11	and
12	"(iii) post a description of these cov-
13	erage options on any official website that
14	may be established by the State in connec-
15	tion with the plan.
16	"(F) Rule of Construction.—Nothing
17	in this section is to be construed to prohibit a
18	State from—
19	"(i) establishing limits on beneficiary
20	cost-sharing under such alternative cov-
21	erage;
22	"(ii) paying all or part of a bene-
23	ficiary's cost-sharing requirements under
24	such coverage;

1	"(iii) paying less than the full cost of
2	a child's share of the premium under such
3	coverage, insofar as the premium for such
4	coverage exceeds the limitation established
5	by the State under subparagraph (C);
6	"(iv) using State funds to pay for
7	benefits above the Federal upper limit es-
8	tablished under subparagraph (C); or
9	"(v) providing any guidance or infor-
10	mation it deems appropriate in order to
11	help beneficiaries make an informed deci-
12	sion regarding the option to enroll in cov-
13	erage described in subparagraph (A).".
14	SEC. 8. ALLOTMENT DISTRIBUTION FORMULA.
15	(a) Allotments to 50 States and the District
16	of Columbia.—
17	(1) In General.—Section 2104(b) of the So-
18	cial Security Act (42 U.S.C. 1397dd(b)) is amended
19	(2) in paragraph (1), by striking "the same
20	proportion" and all that follows and inserting "the
21	product of the number of SCHIP targeted children,
22	as determined under paragraph (2) for the second
23	preceding fiscal year, the State and Federal per cap-
24	ita SCHIP expenditures for the second preceding
25	fiscal year, as determined under such paragraph,

1	and the enhanced FMAP for the State for the sec-
2	ond preceding fiscal year.";
3	(3) by amending paragraph (2) to read as fol-
4	lows:
5	"(2) Number of schip targeted children
6	AND PREGNANT WOMEN AND NATIONAL PER CAPITA
7	SCHIP EXPENDITURES.—
8	"(A) IN GENERAL.—By not later than
9	September 30 of each year (beginning with
10	2007), the Secretary (in consultation with the
11	Director of the Bureau of the Census and using
12	the best available data for the fiscal year ending
13	in the previous year) shall determine and pub-
14	lish in the Federal Register—
15	"(i) the average number of low-income
16	targeted children (described in subpara-
17	graph (B)) for any month during such pre-
18	ceding fiscal year; and
19	"(ii) the combined State and Federal
20	per capita SCHIP expenditures (described
21	in subparagraph (C)) for such preceding
22	fiscal year.
23	"(B) Low-income schip targeted chil-
24	DREN.—Low-income targeted children described
25	in this subparagraph with respect to a sub-

1	section (b) State are children (including preg-
2	nant women described in section $2105(c)(8)(E)$
3	residing in the State who are not covered under
4	a group health plan or health insurance cov-
5	erage (as defined for purposes of section
6	2110(b)(1)(C)) and whose family income—
7	"(i) exceeds the lesser of (I) the med-
8	icaid applicable income level (as defined in
9	section 2110(b)(4)), or (II) 150 percent of
10	the poverty line; but
11	"(ii) does not 200 percent of the pov-
12	erty line.
13	"(C) State and federal per capita
14	SCHIP EXPENDITURES.—The State and Federal
15	per capita SCHIP expenditures for a fiscal year
16	is equal to—
17	"(i) the aggregate Federal and State
18	expenditures made that are attributable to
19	allotments under this title for subsection
20	(b) States for the fiscal year; divided by
21	"(ii) the average total number of tar-
22	geted low-income children (including preg-
23	nant women described in section
24	2105(c)(8)(E)) for whom health assistance

1	was made available from such allotments
2	for such fiscal year."; and
3	(4) by striking paragraphs (3) and (4) and in-
4	serting the following:
5	"(3) Subsection (b) State Defined.—In this
6	subsection, the term 'subsection (b) State' means
7	one of the 50 States or the District of Columbia.
8	"(4) Proportional reduction if total al-
9	LOTMENTS EXCEED AMOUNT AVAILABLE.—If the
10	Secretary estimates that the total of the allotments
11	under this subsection for a fiscal year (in combina-
12	tion with allotments made under subsection (c)) will
13	exceed the aggregate amount available for allotments
14	for such fiscal year under subsection (a), the Sec-
15	retary shall reduce the amount of each allotment
16	under this subsection in a pro-rata manner so that
17	such total does not exceed the aggregate amount
18	available for allotments.".
19	(5) Effective date.—The amendment made
20	by paragraph (1) shall apply to allotments for fiscal
21	years beginning with fiscal year 2008.
22	(b) No Redistribution of Unused Allot-
23	MENTS.—
24	(1) In General.—Section 2104(f) of such Act
25	(42 U.S.C. 1397dd) is amended to read as follows:

1	"(f) No Redistribution of Unused Allot-
2	MENTS.—There shall be no redistribution of allotments
3	from States that are not expended within the period of
4	availability under subsection (e).".
5	(2) Effective date.—The amendment made
6	by paragraph (1) shall apply to allotments for fiscal
7	years beginning with fiscal year 2005.
8	SEC. 9. FIVE-YEAR REAUTHORIZATION.
9	Section 2104(a) of the Social Security Act (42 U.S.C.
10	1397dd(a)) is amended—
11	(1) by striking "and" at the end of paragraph
12	(9);
13	(2) by striking the period at the end of para-
14	graph (10) and inserting a semicolon; and
15	(3) by adding at the end the following new
16	paragraphs:
17	"(11) for fiscal year 2008, \$7,000,000,000;
18	"(12) for fiscal year 2009, \$7,000,000,000;
19	"(13) for fiscal year 2010, \$7,000,000,000;
20	"(14) for fiscal year 2011, \$7,500,000,000; and
21	"(15) for fiscal year 2012, \$8,000,000,000.".

### 1 SEC. 10. ENHANCING THE PROGRAMMATIC FOCUS ON

- 2 CHILDREN AND PREGNANT WOMEN.
- 3 (a) In General.—Section 2107(f) of the Social Se-
- 4 curity Act (42 U.S.C. 1397gg(f)) is amended by striking
- 5 "childless".
- 6 (b) Effective Date.—The amendment made by
- 7 subsection (a) shall take effect on the date of the enact-
- 8 ment of this Act but shall not apply to projects, including
- 9 extensions, amendments, or renewals to such projects, that
- 10 are in effect or have been approved on the date of the
- 11 enactment of this Act.